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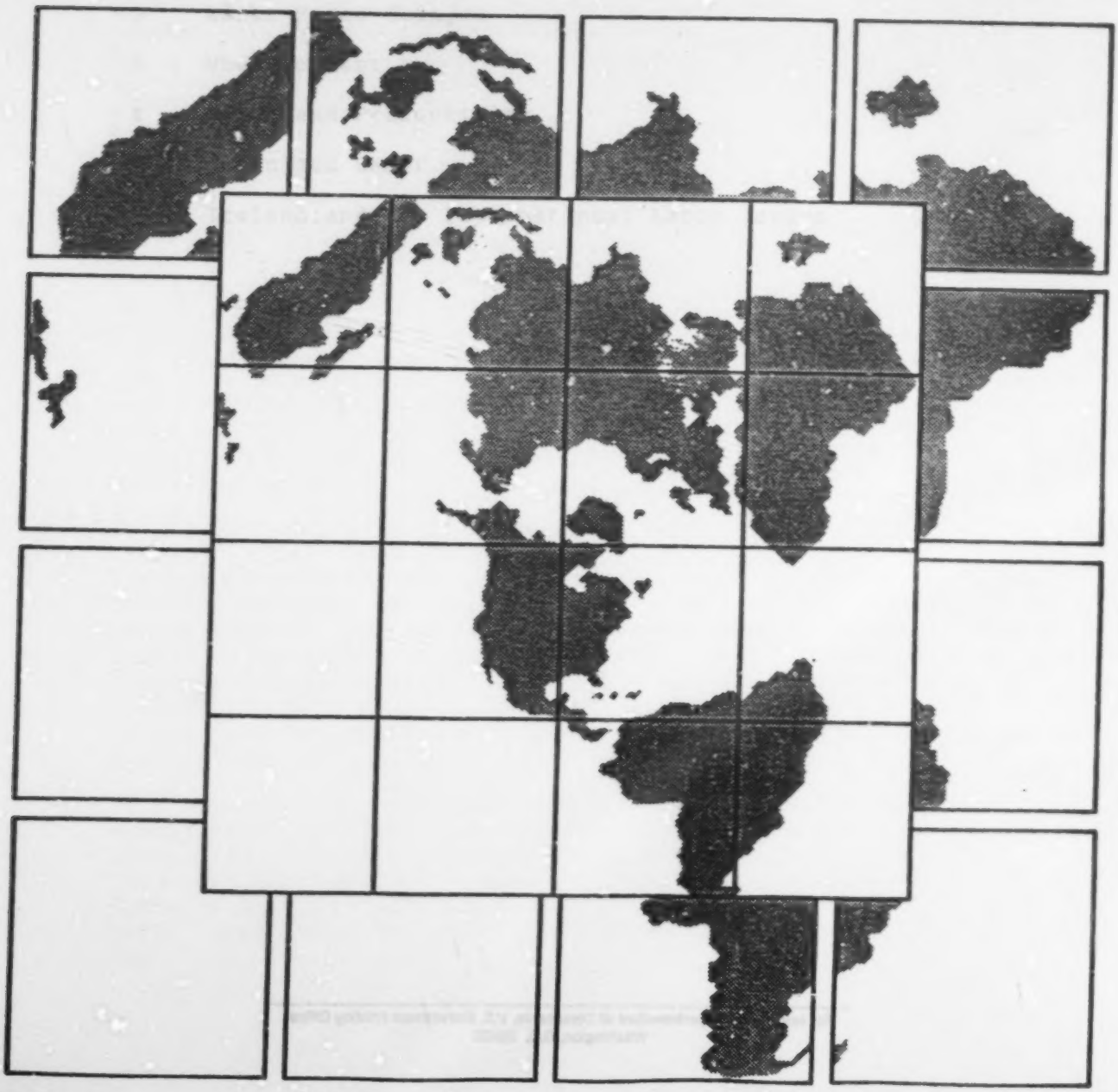

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FOREIGN LABOR TRENDS REPORT

IRELAND

1988 - 1989

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KEY LABOR INDICATORS

	1987	1988 (E)	% Change
1. Per Capita GNP. at current prices (US$)	7,497	8,030	7.1
2. Per Capita GNP at constant prices	3,875	4,028	3.9
3. Population, Total (000)	3,543	3,538	-0.1
4. ---, Major Ethnic Groups	White Caucasian		
5. ---, In Major Urban Areas (000) (1986)			
Dublin	1,021.4		
Cork	412.7		
Limerick	164.5		
Galway	178.6		
6. Birth Rate (per thousand)	16.6	15.3	-7.8
7. Out-Migration (000)	27	32	18.5
8. Life Expectancy at Birth, Total (1980-82)	72.9		
9. ---, Male	70.1		
10. ---, Female	75.6		
11. Adult literacy rate (percent)	96.0	96.0	-
12. Labor force, civilian, total (000)	1,312	1,302	-0.8
13. ---, Male	911.5	N/A	
14. ---, Female	407.7	N/A	
15. Employment, Civilian (000)			
16. - Industry	300	299	-0.3
17. - Agriculture	164	162	-1.2
18. - Services	616	626	1.6
19. Unemployment rate	18.8	18.5	-1.6
20. Labor productivity in Mfr. (% change)	9.5	N/A	
21. Work rel. accidents and illnesses (fatal)	12	14	
----, No. of accidents (mfr.)	3,060	2,943	-3.8
22. Number of Industrial Disputes	80	42	-47.5
---, Person Days Lost (000)	264	130	-50.6
23. Avg. Wkly Earnings, Major Industry (US$)	278.84	306.99	10.1
24. Gross Wkly Earnings, Major Occ. (US$)			
-Prof., Adm., Mgr., Exec., etc.	533.55	567.72	6.4
-Clerical, Sales, Services, etc.	338.18	360.84	6.7
-Production, Transport Workers	294.85	318.48	8.0
25. Average Hours Worked Per Week	41.3	41.5	0.5
26. Unionization of Labor (% of labor force)	45.0	45.0	-
27. Average Personal Income per Year (US$)	7,556	7,991	5.6
28. Avg. Disp. Income After Taxes, etc.(US$)	5,899	6,077	3.0
29. Percent of Pop. Below Poverty Level			
-Households	29.0	N/A	
-All Persons	33.5	N/A	
30. Rate of Change in Consumer Prices (%)	3.2	2.1	-34.3

SETTING: THE ECONOMY

During most of the decade Ireland has experienced rising unemployment, sluggish economic growth, and declining inflation and interest rates. Austerity measures adopted to bring government debt under control were, in large part, responsible for the bleak economic picture. However, strong economic performance in 1987 and 1988 indicates that the Irish economy has weathered the worst of its economic difficulties.

The government has made substantial progress in reducing its exchequer borrowing requirement (budget deficit) both in absolute terms and as a percentage of the gross national product (GNP). The borrowing requirement has been cut from 13 percent of GNP in 1986 to just 3.4 percent in 1988. The government had projected a borrowing requirement of 8.2 percent of GNP, but government revenues were far larger than expected due to a tax amnesty and increased economic activity. The government forecast a borrowing requirement equivalent to 5.3 percent of GNP for 1989, but government revenues were again stronger than expected during the first quarter of the year. Ireland's national debt as a percentage of GNP has also fallen from 150 percent in 1986 to about 133 percent in 1988.

The success of the government austerity program has led to significant success in reducing inflation and interest rates. Inflation in 1988 at 2.7 percent was among the lowest in the European Communities (EC), but has already shown signs of rising in the first quarter of 1989. Estimates suggest an inflation rate of 3 - 3.5 percent for the year. Short term interest rates have fallen from over 14 percent in 1987 to just over 8 percent in December 1988. The Central Bank raised its rates by 1 percent in April 1989 in reaction to hints of increasing, although still moderate, inflation and rate increases abroad.

Real GNP grew by 1.5 percent in 1988 but is expected to rebound in 1989 to a range of 3.5 - 4 percent. Economic growth has been led primarily by a strong export performance. However, consumer spending also increased in 1988 for only the second time in the decade. Consumer spending is expected to rise by 3-4 percent in 1989. Ireland's trade and current account balances were strongly positive in 1988, at $3.2 billion and $996 million, respectively. Both the trade and current account surpluses are expected to remain strongly positive in 1989.

Despite the economic successes of recent years, unemployment remains high at about 18.5 percent (seasonally unadjusted), despite a modest increase in employment and large-scale emigration. However, seasonally adjusted unemployment figures show a slow but steady decline since early 1987. Employment is expected to increase by 12,000 - 13,000 in 1989.

INDUSTRIAL RELATIONS

The Irish system of industrial relations is a voluntary one. Pay levels and other conditions of employment are agreed through collective bargaining between employers and employees. Minimum conditions on such matters as working hours and holidays are defined by law. There are minimum pay scales for some occupations but there is no national minimum wage.

The Irish constitution guarantees the right of citizens to form associations and unions. Legislation grants immunity from civil law suits to trade unions participating in trade disputes, guaranteeing the right to strike. The Irish Congress of Trade Unions (ICTU) is the main coordinating body for Irish trade unions. It includes unions in Northern Ireland as well as in the Republic of Ireland. About 45 percent of the labor force is unionized.

Business management is represented primarily by the Federated Union of Employers (FUE). There are also a number of other employers' associations organized along product or regional lines.

The Irish Government engages in mediation and conciliation through the Labor Court. It is an independent body with an equal number of members nominated by the ICTU and FUE. The Minister of Labor appoints the chairman and his deputy. Disputes may be referred to the Court by either management or labor. The Court's findings are not binding.

For some industries and trades, joint labor committees have been established. They propose minimum wages and other conditions or employment. When ratified by the Labor Court, such conditions become legally binding. When employment agreements between employers and groups of workers are registered in the Labor Court such agreements also become legally binding.

LABOR FORCE CHANGES

The composition of the labor force continued to change in line with trends of recent years. Employment in agriculture declined in absolute terms during 1988 and as a percentage of the labor force (14.9 percent compared to 16 percent in 1986). Industrial employment also fell slightly to 27.5 percent of the labor force, while employment in services grew by 10,000 and now amounts to 57.6 percent of the labor force.

UNEMPLOYMENT

According to the government's annual labor force survey, there was a net increase of 6,000 in employment during the 12 months ending in April 1988. The survey suggests that most of the employment gain was in the small business sector. Estimates indicate a net employment gain of 12,000 - 13,000 in 1989.

Despite the increases, unemployment remains very high, at 18.5 percent (seasonally unadjusted). This will continue to be a major economic problem for Ireland as the number of young people entering the work force will greatly exceed the number of workers reaching retirement age for the next decade. Unemployment would be even greater were it not for a surge in emigration. An estimated 32,000 people left Ireland in 1988, primarily in search of employment opportunities. The emigration figures for 1989 are expected to be even higher.

Seasonally-adjusted data show a slow but steady decline since early 1987 in the number of unemployed. These figures indicate that the number of registered unemployed fell from 250,400 in May 1987 to about 236,400 in March 1989. Continued progress will depend on the strength of the economy and the level of emigration.

Under the Program for National Recovery (PNR) concluded in October 1987, job creation is a priority objective for the government. During the first year of the PNR, the government apparently met its target of creating 20,000 new jobs. The ICTU and other labor organizations have pointed out, however, that these gains were largely offset by job losses. They have urged the government to pay more attention to net job creation in the 2 remaining years of the tripartite agreement.

As part of its efforts to reduce budget deficits, the government has made a concerted effort to cut public sector employment. Between April 1985 and April 1988, employment in the public administration and defense was cut from 73,000 to 69,000. While figures on the number of reductions in 1988 is not yet available, it is evident that there has been a significant drop in public sector employment during the past year.

WAGES AND PRODUCTIVITY

Under the Program for National Recovery, labor and employer groups concluded an agreement which limits wages to a maximum of 2.5 percent (with certain exceptions for the lowest wage levels) for the years 1988, 1989 and 1990. Public sector employees were covered by a similar agreement between the

government and representative unions. These agreements are to be phased in according to the regular schedule of wage negotiations at the industry or firm level. Nevertheless, the PNR has already had a moderating influence on wage increases in 1988, which averaged just over 4 percent.

Pressure is building among labor groups, however, for more substantial wage increases in future years, at least in certain sectors. Since most wage agreements are multi-year agreements, those pressures will have a gradual impact on the economy. In support of more substantial wage increases, labor groups cite the expected increase in inflation (estimated at 3 - 3.5 percent for 1989), and the ability of profitable firms in the export industry to pay more.

Under the provisions of the Program for National Recovery, the government, labor, and employers have agreed to a framework for reducing the standard work week in Ireland from 40 hours to 39 hours. Negotiations for implementation will take place as part of the normal cycle of collective bargaining. The change is to be fully implemented within 3 years from the time that firms begin implementing the pay guidelines of the Program for National Recovery.

Productivity performance in Ireland has generally been good as indicated by continued growth in output and the accompanying decline in employment levels in industry. However, there are difficulties in using the absolute figures on productivity and in comparing them with similar figures for other countries. The problems arise primarily from the low corporate tax rate enjoyed by many firms in Ireland and the resulting tendency for companies with multinational operations to show a disproportionate share of value-added and profit from operations in Ireland. Industry sources separate industry into three general sectors: 1) the modern manufacturing sector; 2) the resource-based sector (food, beverages and forestry); and the traditional manufacturing sector (clothing, footwear, etc.). Productivity gains in the modern manufacturing sector have been good, due primarily to modern production methods. Productivity performance in the resource based sector is characterized as fair and that of the traditional manufacturing sectors is considered poor.

ORGANIZED LABOR

Since its establishment in 1959, the Irish Congress of Trade Unions (ICTU) has been the primary coordinating body for trade union activity in the Republic of Ireland. It also has considerable influence in Northern Ireland by virtue of its member unions there. In 1988 there were 81 trade unions

affiliated with the ICTU having a combined membership of 663,000. Although the ICTU member unions account for more than 90 percent of all membership, there are a number of unaffiliated unions.

Merger activity among the unions has increased markedly in the past year. The government has introduced legislation which it hopes will provide additional incentives for unions to pursue merger negotiations. The current law provides assistance only if mergers are completed, whereas the proposed legislation would give financial assistance in many cases even if the merger negotiations were not successful.

There are about 20 unions now engaged in various stages of amalgamation. The country's two largest unions, the Irish Transport and General Workers Union (ITGWU) and the Federated Workers Union of Ireland (FWUI), announced early in 1989 the completion of negotiations for a merger. The plan will be put to a vote of the general membership of the unions and, if approved, will take effect January 1, 1990. The new union, to be called the Services, Industrial, Professional and Technical Union (SIPTU) will have total membership of about 210,000. Other unions currently engaged in merger talks include the country's three teachers unions and postal and communications unions.

In the area of collective bargaining, the ICTU's role is limited to announcing pay guidelines. Negotiations are carried out between individual unions and management. In 1988 there were a total of 42 industrial disputes, resulting in a loss of 130,000 person days. This represents a significant reduction from the figures for 1987--80 industrial disputes and 264,339 lost person days. This reduction in disputes is, in part, the result of the Program for National Recovery.

The ICTU and its member unions are active in promoting positions on key economic and social issues which they would like the government to adopt. In its annual submission to the government on budget priorities, the ICTU urged the government to: 1) make job creation its prime policy objective; 2) reform the tax system to shift the tax burden from salaried workers to companies, the self-employed, and farmers who are not paying their share; and 3) alleviate the plight of the poor through employment generation, tax relief, and higher social welfare assistance. The budget announced in January 1989 contained elements of these proposals.

Although Irish legislation does not permit closed shops, most industries are unionized. Multiple union representation is common on the shop floor. The ICTU settles jurisdictional

disputes among its members. The operations of U.S. firms in Ireland generally maintain a good record of labor relations although labor officials have complained that some U.S. companies offer employees high pay and benefits to avoid unionization. There are 343 U.S. firms in Ireland with total investment valued at over $6 billion. These companies tend to be in the modern sector and employ about 38,000 people.

IRELAND AND INTERNATIONAL LABOR ISSUES

The ICTU is affiliated with the European Trade Union Confederation (ETUC), but because of Ireland's policy of neutrality, it is not a member of the International Confederation of Free Trade Unions (ICFTU) or the World Federation of Trade Unions (WFTU). ICTU representatives are included in Ireland's delegation to meetings of the International Labor Organization (ILO).

The Irish labor movement is predominantly concerned with domestic workplace issues, and international issues do not always receive priority attention. To the extent that international initiatives are pursued, ICTU positions are generally in line with those of the Irish Government. In its primary representations to the government on international issues in 1988, the ICTU proposed a ban on the import of South African coal and urged the government to communicate Ireland's deep concern over the severity of measures taken by Israeli security forces in relation to Palestinians living in the Occupied Territories and the Gaza Strip. The ICTU also supported a resolution in the ILO censoring Israel for actions in the Occupied Territories.

The ICTU and its Northern Ireland Committee support efforts to promote fair employment practices in Northern Ireland. They have urged amendments to strengthen the provisions of fair employment legislation introduced into the U.K. Parliament.

As a member of the European Economic Community (EEC), Ireland has participated in a number of initiatives to enhance the "social dimension" of the EC's program for creating a single European market by 1992. It is not yet clear what form the Community's program for harmonizing its labor markets will take, but there have been a number of proposals for worker participation and worker information in draft company law directives circulated by the European Commission. The ICTU has supported such proposals. At present, few private sector firms in Ireland have any formal worker participation schemes. However, worker participation in state-owned corporations is mandated in legislation.

The ICTU representatives often attend foreign trade union events, especially when travel costs are paid by the organizers. In practice, this means that Irish labor officials attend a relatively large number of trade union events in East Bloc countries, especially the Union of Soviet Socialist Republics (USSR) and few in Western countries. During 1988, the ICTU was represented officially at only one event in the United States.

Relations with the American trade union movement, especially the AFL-CIO, have weakened in recent years. A number of Irish-American labor leaders who had close ties with their Irish counterparts have retired, and official travel by Irish labor leaders to the United States has been limited by a lack of funds.

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